

ABBREVIATED MARKET ANALYSIS

for

AFFORDABLE SHOWCASE OF HOMES

in West San Antonio, Texas

Prepared for

GREATER SAN ANTONIO BUILDERS ASSOCIATION

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AFFORDABLE SHOWCASE OF HOMES ABBREVIATED MARKET ANALYSIS

Introduction

The purpose of this abbreviated market analysis is to provide an overview and brief analysis of the market for new single family homes priced under \$90,000 in West San Antonio in the Edgewood ISD market area.

The proposed showcase of homes is in partnership with the Greater San Antonio Builders Association. Coverage of this analysis include the following:

- Identification of market areas for analysis;
- Demographics and analysis for the market areas;
- Analysis of the San Antonio market for new single family homes and an inventory of available lots in the market area that targets the affordable housing price range.

This report includes data prepared by researchers and other professionals knowledgeable in demographics and the local housing market as well as public records. These sources are considered by SA Research Corporation to be reliable. SA Research Corporation does not guarantee the data and assumes no responsibility for errors of fact, analysis or judgment.

The objective of this analysis is to present information to the City of San Antonio and to the Greater San Antonio Builders Association regarding single family housing market trends relative to the price range and within the Westside Market Area.

This report is organized for easy reading with tables located in the Appendix. If questions arise during the reading of the written text, many of them will likely be answered by data within the tables. Specific questions may be directed to SA Research Corporation.

The conclusions of this report are based on the information presented herein and analyzed using the professional expertise, background and best judgment of Wendell Davis, AICP. However, SA Research Corporation does not warrant that the conclusions of this report will be realized. The information and conclusions contained within this report are to be used by the Greater San Antonio Builders Association and by the City of San Antonio in their decision-making regarding the development and marketing of the subject project.

AFFORDABLE SHOWCASE OF HOMES ABBREVIATED MARKET ANALYSIS

The proposed Affordable Showcase of Homes is planned for a 7-acre tract located within the Edgewood Independent School District in the West Side of San Antonio and inside Loop 410. More specifically, the primary entrance to the project will be Commerce Street via either SW 40th street or from SW 39th street via Fridell.

This project proposes developing approximately 35 lots for affordable single family homes. Land uses surrounding the subject property are predominantly single family residential with a large amount of vacant land.

The study area for this report includes San Antonio's inner city area and the southwestern portion of that area within Loop 410 and includes Edgewood and other school districts.

Section I. Population and Household Trends

Population and household trends and characteristics in San Antonio, the Edgewood ISD Market Area as the approximate primary market area roughly defined by Culebra Road on the north, Cupples Road on the east, Lackland AFB on the south and Callaghan Road on the West. The Market Area data represents a three mile radius from the approximate center of Edgewood ISD at Castroville Road at 36th Street. Table 1 summarizes 2003 demographic data acquired from Claritas, Inc.

- Total population in San Antonio grew 19.3% (1.48% annually) from the 1990 population of 997,258 to an estimated 2003 population of 1,189,891. San Antonio's total population is expected to increase at a more conservative annual rate of 1.29% over the next five years.
- In the Edgewood Market Area, total population decreased by -4.2% (-0.3% annually) from 1990 to a 2003 population of 100,161. Total population in the Edgewood Market Area is expected to add 1.24% by 2008, an increase of 0.25% annually.
- Between 1990 and 2003, the total number of Households in San Antonio increased by 78,568, or 22.7% to 424,480. Another 32,627 households are expected to be added in San Antonio by 2008.
- Market Area households increased by a total of 2.4% from the 1990 total of 27,616 to the 2003 households of 28,292. The Market Area total number of households is expected to grow by another 1,128 households by 2008, an average of 226 annually.
- The Market Area has a higher percentage of children under 18 years (31.86%) than does the City as a whole (28.07%), and a higher rate of persons over age 65 (15.37%) compared to the City of San Antonio (10.72%).

- The rate of persons without a high school diploma in the Market Area is almost 54% compared to 24.5% in the City, while the rate of persons in San Antonio with a college degree is more than 5 times the rate in the Market Area.
- The Market Area has a lower percentage of small households and a higher percentage of larger households than the City as a whole. The average household size in the Market Area is 3.42 persons per household compared to 2.75 persons in the City of San Antonio.
- The Market Area has a higher rate of married-couple households and a higher rate of single female householders than the City.
- Median Household income in the Market Area is currently \$26,650, compared to \$41,233 for the City of San Antonio in 2003. Within the Market Area, more than 27% of households have incomes below the poverty level, almost double the 14% rate of such households for the City.
- Within the Market Area, almost 65% of occupied housing units are owner-occupied compared with 58% in the City. Median home value in the Market Area is \$41,257 and \$75,431 in the City. The median age of housing units in the Market area is 33 years, compared to 18 years in the City of San Antonio.
- There is not a lot of difference in average number of vehicles per household: 1.46 in the Market Area; 1.59 in the City of San Antonio.
- Almost 40% of persons employed within the Market Area are White Collar workers compared with more than 62% of workers in the City of San Antonio. By contrast, 37% of workers in the Market area Blue Collar workers, while only 21% in San Antonio are Blue Collar workers. Service workers comprise almost 24% of the Market Area workforce, compared to almost 17% in San Antonio.

Section II. Absorption Rates

Absorption of new single family housing is represented by new home sales. Active new home subdivisions are surveyed each quarter by SA Research Corporation and tabulated results for the past five years are shown in Table 2.

- New home sales in the Southwest Market Area (approximately 5 mile radius) has averaged 261 units over the past 5 $\frac{3}{4}$ years from 1998 through September 2003. However only 22% of the sales were between 1998 and 2000, resulting in a higher average of 427 units annually for the last 2 $\frac{3}{4}$ years.
- Within the 3-mile radius, an average of 148 new single family homes have been sold from 1998-2003, but the average for 2001-2003 has been 234 units, many of which were in Tax Increment Reinvestment Zones in the area.
- Absorption in the Market Area should continue at a rate of 225-250 units annually over the next five years.

Section III. Comparable Sales

- Sales of existing homes in 2003 within the market area have ranged between \$8,000 and \$103,000. The existing single family home sale averaged \$51,027.
- Average size of new homes sold through October 19, 2003 was 1,096 square feet, and the average price was \$46.54 per square foot.
- The market area used for the existing home sales analysis is the SABOR area 07, which is between Culebra and Hwy 90 and Loop 410 to downtown loop/IH-35.
- Comparable projects in the Market area are several Tax Increment Reinvestment Zones (TIRZ) where homes in the West Horizon TIRZ have increased by 26.8% since 2001. No increase in improvement values have yet been established in Rosedale or Plaza Fortuna. However, new starts in Plaza Fortuna are in the high \$70's and low \$80's.
- Lot values in Rosedale have increased from \$9,000 in 2001 to \$13,500 in 2003, while lots in West Horizon are still at the 2001 value of \$10,000. No change in lot value has been established in Plaza Fortuna.

Section IV. Estimated Values

- A more accurate portrayal of the Market Area is the Edgewood ISD, where 14,270 existing homes range in value from \$8,000 to \$172,900, with the average value calculated to be \$40,970.
- Median year built of existing homes in Edgewood ISD is 1978.

Section V. Inventory of Lots

Based on research by SA Research Corporation, tables 3 and 4 summarize the vacant lot inventory as well as planned, platted and pending lots within the market area.

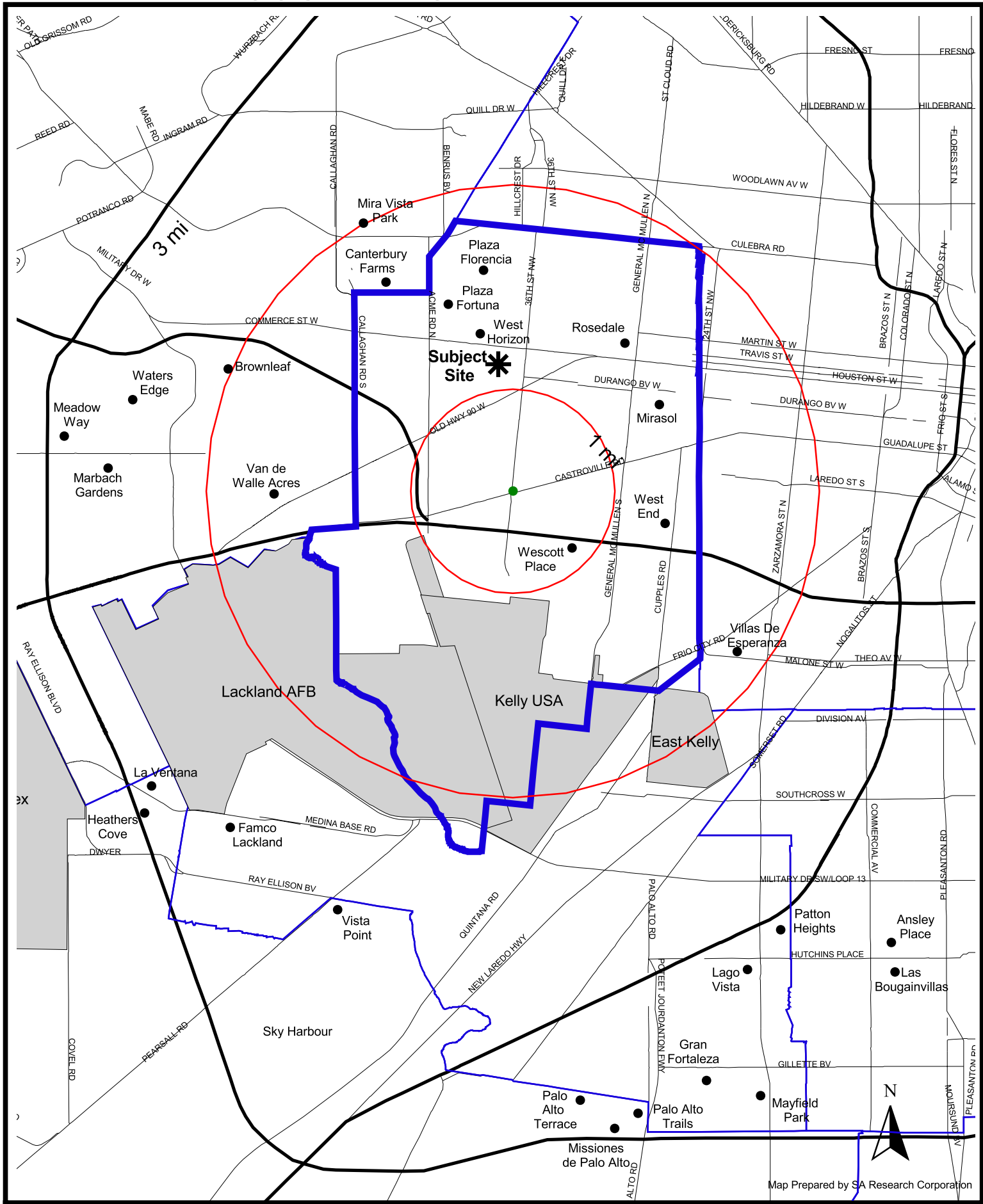
- While there are currently more than 430 vacant developed lots within the Southwest Market Area, with many more scattered individual lots.
- Only 54 lots are within the Edgewood Market Area. Another 62 lots are currently platted and 156 lots have been submitted for approval.
- This is a total of 272 lots that will be available over the next 18-24 months. Of the 272 lots, 130 are proposed for Canterbury Farms development by Armadillo homes and are not available to other builders. Eighty-eight lots are being developed by Habitat for Humanity and are not available to other builders.
- As a result of the above analysis from Tables 2 and 3, **very few available lots will be competitive with the proposed subdivision.**

CONCLUSIONS AND RECOMMENDATIONS

Based upon our analysis of the data presented, knowledge of the housing market in Edgewood ISD and knowledge of San Antonio's housing market, we offer the following conclusions.

- The proposed project is located in an area of West San Antonio that has the potential to add more than 225 households annually over the next five years.
- Households within the area have a median income of \$26,650, are generally larger with either more children or elderly persons. The population is generally less educated and mostly of Hispanic origin.
- Affordable homes will need to be a mix of 2, 3 and 4 bedroom units to the extent possible.
- Typical lot size in market area subdivisions is 50x110. We suggest a range of lots from 42' to 50' by 110' for the project, or a depth that is compatible with the subject property.
- Based upon previous experience, 2-story homes should be restricted to the 50' lots.

SOUTHWEST MARKET AREA



EDGEWOOD ISD MARKET AREA

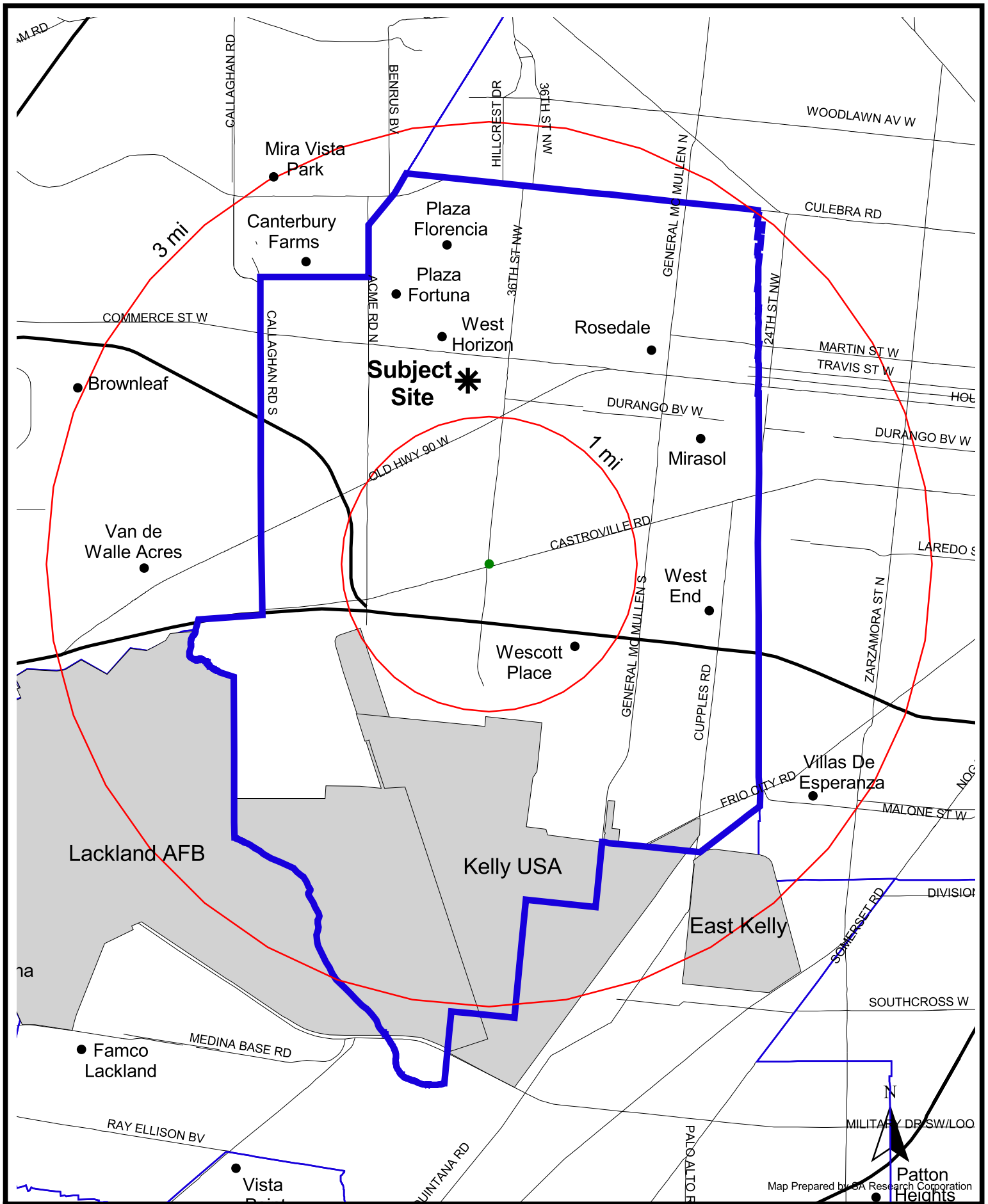


Table 1
DEMOGRAPHIC PROFILE OF SAN ANTONIO AND THE EDGEWOOD ISD MARKET AREA

Description	City of San Antonio	One-Mile Radius	Three-Mile Radius
1990 Total Population	997,258	14,554	104,520
2000 Total Population	1,144,646	13,902	99,673
2003 Total Population	1,189,891	13,862	100,161
2008 Total Population	1,266,854	13,817	101,408
2003 Est. Population Hispanic Origin	59.09%	95.41%	92.08%
2003 Est. Population by Age Group	1,189,891	13,862	100,161
Under 18	28.07%	30.66%	31.62%
18 - 24	10.38%	10.79%	12.57%
25 - 34	15.03%	13.04%	13.40%
35 - 44	14.89%	13.44%	12.57%
45 - 54	12.75%	10.88%	10.44%
55 - 64	8.17%	8.34%	7.44%
65 and over	10.72%	12.84%	15.37%
2003 Median Age	32.7	31.6	29.3
2003 Est. Population Age 15+ by Marital Status	910,082	10359	73706
Never Married	28.45%	28.89%	31.86%
Married, spouse present	47.96%	45.12%	42.37%
Married, spouse absent	5.98%	7.41%	8.17%
Widowed & Divorced	17.61%	18.57%	17.61%
2003 Est. Population Age 25+ by Education	732,375	8115	55893
Less than 9th grade	12.22%	32.90%	31.57%
Some High School, no diploma	12.27%	22.17%	22.23%
High School Graduate (or GED)	26.95%	24.62%	26.33%
Some College, no degree	29.41%	17.10%	15.90%
College Degree Bachelor's and higher	22.15%	3.21%	4.06%
1990 Households	345,912	3,823	27,616
2000 Households	405,474	3,941	27,723
2003 Households	424,480	4,011	28,292
2008 Households	457,107	4,139	29,420
2003 Est. Households by Size	424,480	4,011	28,292
1-2 person	53.76%	0.3837	0.3819
3-4 person	32.21%	0.351	0.3586
5-6 person	11.45%	0.1952	0.1939
7 or more person	2.58%	0.0696	0.0655
2003 Est. Households w/1+ people under 18	424,480	4,011	28,292
Married-Couple Family	26.09%	30.37%	30.23%
Other Family, Male Householder	2.79%	4.34%	4.10%
Other Family, Female Householder	11.21%	15.11%	16.79%
Nonfamily, male or female householder	0.39%	0.25%	0.30%
2003 Average HH Size	2.75	3.44	3.42
2003 Est. Households by Income Group	424,480	4,011	28,292
Less than \$15,000	16.10%	29.59%	27.62%

Table 1
DEMOGRAPHIC PROFILE OF SAN ANTONIO AND THE EDGEWOOD ISD MARKET AREA

Description	City of San Antonio	One-Mile Radius	Three-Mile Radius
\$15,000 - \$24,999	13.33%	16.21%	19.85%
\$25,000 - \$34,999	13.37%	14.21%	15.38%
\$35,000 - \$49,999	17.33%	18.08%	17.26%
\$50,000 - \$74,999	18.52%	12.99%	12.59%
\$75,000 and over	21.34%	8.92%	7.30%
2003 Median HH Income	\$48,163	27942	26650
2003 Est. Families w/Income below poverty level	14.11%	26.50%	27.29%
2003 Median Home Value - Owner Occupied	\$75,431	\$38,508	\$41,257
2003 Median Year Structure Built	1985	1972	1970
2003 Tenure in Occupied Units - Percent Owner-Occupied	58.28%	68.44%	64.61%
2003 Est. Average Number of Vehicles per HH	1.59	1.54	1.46
2003 Employment by Occupation - Total Age 16+	513,751	4673	32377
White Collar	62.58%	40.95%	39.39%
Farming, Fishing & Forestry	0.14%	0.15%	0.23%
Services	16.48%	22.11%	23.47%
Blue Collar	20.81%	36.79%	36.91%

Source: U.S. Census Bureau; Claritas, Inc. forecasts for 2003 & 2008;

Table 2
SALES OF NEW SINGLE FAMILY HOMES IN THE MARKET AREA
1998-2003

Proximity	Subdivision	Sales 1998	Sales 1999	Sales 2000	Sales 2001	Sales 2002	Sales 2003 yr-to-date	Total Sales 1998-2003	Avg Annual Sales
1 mi	Fortuna Subd	0	0	0	50	33	25	108	39
1 mi	Wescott Place	13	9	0	0	0	0	22	11
1 mi	West Horizon (TIRZ)	0	5	32	19	7	0	63	16
3 mi	Brownleaf	0	0	0	3	19	12	34	12
3 mi	Canterbury Farms	0	0	0	12	45	29	86	31
3 mi	Mira Vista Park	0	0	0	55	20	17	92	33
3 mi	Mirasol Homes (*SAHA)	0	0	0	82	20	0	102	51
3 mi	Plaza Florencia Annex (Habit	1	0	0	0	43	15	59	34
3 mi	Rosedale	0	0	0	69	0	0	69	69
3 mi	Villas De Esperanza (COSA)	32	0	0	0	0	0	32	32
3 mi	Waters Edge	0	0	0	6	39	23	68	25
3 mi	Westend	1	6	0	0	0	0	7	4
5 mi	Lago Vista	0	0	0	70	101	42	213	77
5 mi	Marbach Gardens	32	44	40	63	28	1	208	36
5 mi	Patton Heights (new lots)	0	0	0	0	0	0	0	0
5 mi	Sky Harbour	0	5	22	17	158	23	225	47
5+	Ansley Place	0	11	0	0	0	0	11	11
5+	Mayfield Park	0	0	0	11	0	0	11	11
5+	Palo Alto Terrace	1	37	33	8	6	3	88	15
Totals:		80	117	127	465	519	190	1498	261
Totals for 1 & 3 mi Radius		47	20	32	296	226	121	742	148
Totals for 5 & 5+ mi Radius		33	97	95	169	293	69	756	151

Source: SA Research Single Family Surveys 1998 to 2003.

TAX INCREMENT REINVESTMENT ZONES

1 mi	West Horizon	0	5	32	19	7	0	63	11
1 mi	Plaza Fortuna	0	0	0	26	45	0	71	36
3 mi	Rosedale	0	0	0	69	0	0	69	69
5 mi	Sky Harbor	0	0	0	0	151	0	151	151
Totals:		0	5	32	114	203	0	354	75

Source: Surveys by SA Research Corporation and Lance F. Elliott

Table 3
HOUSING AND LOT INVENTORY IN THE MARKET AREA
THIRD QUARTER 2003

Proxi mity	Marketing Name	Housing Unit Inventory	Occupied Housing Units	Model Homes	Vacant Lots	Total Houses & Lots	Typical Lot Size	Price Range of Single Family Homes
1 mi	Fortuna Subd	0	108	0	10	122	42x105	\$66000-\$75900
1 mi	Wescott Place	0	27	0	0	27	44x112	
1 mi	West Horizon (TIRZ)	0	63	0	0	63	44x125	\$49000-\$59000
3 mi	Brownleaf	0	34	0	2	36	56x124	
3 mi	Canterbury Farms (Armadillo)	6	86	3	27	129	52x100	\$84000-\$100000
3 mi	Mira Vista Park	1	92	0	0	93	40x100	
3 mi	Mirasol Homes (SAHA)	0	102	0	4	106	53x120	
3 mi	Plaza Florencia Annex (Habitat)	10	98	0	0	108	55x100	
3 mi	Rosedale (SA Alternative Hsg)	0	69	0	0	69	50x110	\$46500-\$60000
3 mi	Villas De Esperanza (COSA)	0	53	0	0	53	60x120	
3 mi	Waters Edge	8	68	0	9	86	48x139	\$80000-\$105000
3 mi	Westend (SAHA)	0	9	0	2	11	78x73	
5 mi	Lago Vista (KB Home)	11	216	5	186	425	50x110	\$70000+
5 mi	Marbach Gardens (CDBG)	0	222	0	0	222	50x120	
5 mi	Patton Heights (Denton)	0	0	0	16	16	63x155	\$120000-\$150000
5 mi	Sky Harbour (TIRZ-OBRA)	4	846	1	42	893	47x120	\$61900-\$66900
5+	Ansley Place	0	11	0	0	11	n/a	
5+	Mayfield Park	0	11	0	0	11	50x122	Less than \$60000
5+	Palo Alto Terrace	0	118	0	134	252	50x100	
Totals:		40	2233	9	432	2733		
Totals for 1 & 3 mi Radius		25	809	3	54	903		
Totals for 5 & 5+ mi Radius		15	1424	6	378	1830		

Source: Survey by SA Research Corporation

Proxi mity	TAX INCREMENT REINVESTMENT ZONES							Initial Price Range of Single Family Homes
1 mi	West Horizon	0	63	0	0	63	44x125	\$49000-\$59000
1 mi	Plaza Fortuna	5	71	0	0	76	42x105	\$66000-\$75900
3 mi	Rosedale (SA Alternative Hsg)	0	69	0	0	69	50x110	\$46500-\$60000
5 mi	Sky Harbor (HLH Devel)	0	151	0	0	151	47x120	\$61900-\$66900
TOTALS		5	354	0	0	359		

Source: Surveys by SA Research Corporation and Lance F. Elliott

Table 4
MASTER DEVELOPMENT PLANS AND PLAT ACTIVITY

MASTER DEVELOPMENT PLANS AND OTHER PROPOSED DEVELOPMENTS

Proxi	MapGrid	SUBDIVISION	DEVELOPER/APPLICANT	MDP#	Date Accepted	SF Lots	Total Acres	Density	SFAcres	Engineer/Consultant	Price Range
3 mi	614-D2	CANTERBURY FARMS	Armadillo Construction	658	19991231	430	87.60	4.91	87.60	WF Castella	\$87000+
5 mi	681 F-1	VILLAS DEL SOL (LAGO VISTA)	KB Home/American CityVista	677	20000728	625	128.88	4.85	128.88	KB Home	\$70000+
5 mi	648-A6	LACKLAND HEIGHTS	FAMCO Construction	740	20021218	184	39.01	4.72	39.01	Rosin Group	
5 mi	647-E5	LA VENTANA	Big Fish Development	746	20030314	240	40.59	5.91	40.59	Macina Bose Copeland	
Totals:						1479	296.08	5.00	296.08		

APPROVED PLATS

Proxi	MapGrid	SubdivisionPlatName	Subdivider/OwnerName	MDP#	Approval Date	SF Lots	Total Acres	Density	Typical Lot Size	MarketingName/Unit #	Price Range
3 mi	614-D2	Canterbury Farms	Armadillo Homes	658	20021211	62	12.90	4.81	50x111	Canterbury Farms U-3	\$84000+
5 mi	613-D6	Meadow Way (KB Home)	Big Fish Development	n/a	20030528	90	13.24	6.80	45x85	Meadow Way	
5 mi	647-E5	La Ventana (Proposed TIRZ)	Big Fish Development	746	20030827	87	15.70	5.54	45x105	La Ventana U-1	
5 mi	648-A6	Lackland Heights (Proposed TIRZ)	FAMCO Construction	740	20020814	15	2.68	5.60	50x127	Lackland Heights U-1	
5+	616-D2	UU Housing Assistance Corp Subd	UU Housing Corporation	n/a	20030326	7	0.53	13.26	22x72	UU Vista Points	
5+	682-E2	Las Bougainvillea	Howard Banks	n/a	20030625	25	7.28	3.43	66x125	Las Bougainvillea	
Totals:						286	52.32	5.47			

PENDING PLATS

Proxi	MapGrid	SubdivisionPlatName	Subdivider/OwnerName	MDP#	Application Date	SF Lots	Total Acres	Density	Typical Lot Size	MarketingName	Price Range
3 mi	614-D2	Canterbury Farms	Armadillo Homes	658	20030228	68	12.65	5.37	50x110	Canterbury Farms U-4	\$84000+
3 mi	614-B7	Van De Walle Acres	Habitat for Humanity	n/a	20021008	88	18.04	4.88	n/a	Van De Walle Acres	
5 mi	647-E5	Heather's Cove (Proposed TIRZ)	HLH Development LP	n/a	20021125	79	17.56	4.50	n/a	Heather's Cove	\$70000+
5 mi	647-F5	Lackland Heights (Prop TIRZ)	FAMCO Construction	740	20030813	169	39.01	4.33	50x127	Lackland Heights	\$87000+
5 mi	648-C7	Vista Point	Hillstar Investments Ltd	n/a	20021209	126	29.54	4.27	n/a	Vista Point U-1	
5+	681-E3	Gran Fortaleza	NCM Custom Homes- J Lopez	734	20030303	11	6.08	1.81	100x150	Gran Fortaleza U-1	
5+	681-C4	Missiones de Palo Alto	Jamro Ltd	n/a	20021216	120	29.00	4.14	n/a	Missiones de Palo Alto U-1	
5+	681-C4	Palo Alto Trails	Jamro Ltd	n/a	20021216	117	27.66	4.23	n/a	Palo Alto Trails U-1	
Totals:						778	179.53	4.33			

Source: City of San Antonio Development Services Department.